

Message Text

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ORIGIN ARA-14

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ARA/ECA:RWZIMMERMANN (DRAFT)
D:OXMAN (DRAFT)
EB/ODF:FNASH (DRAFT)
H:CCUTTER (DRAFT)
HA:MSCHNEIDER (DRAFT)
EUR/RPE:PMCLEAR (INFO)
TREAS:ANACHMANOFF (DRAFT)
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NSC:RPASTOR

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FM SECSTATE WASHDC
TO AMEMBASSY OTTAWA
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AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY BRUSSELS
AMEMBASSY PARIS
INFO AMEMBASSY ASUNCION
AMEMBASSY CARACAS

C O N F I D E N T I A L STATE 089480

E.O. 11652: GDS

TAGS: SHUM, PORG, EGEN, PA

SUBJECT: U.S. OPPOSITION TO IDB LOAN TO PARAGUAY
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REF: A. STATE I5725; B. STATE 34794

1. SUMMARY. THE U.S. HAS JUST VOTED AGAINST A SECOND
IFI LOAN TO PARAGUAY ON HUMAN RIGHTS GROUNDS AND PLANS TO
VOTE AGAINST A THIRD LOAN COMING UP FOR CONSIDERATION
BEFORE THE IDB BOARD IN SEVERAL WEEKS. U.S. IDB EXECUTIVE

DIRECTOR INFORMED THE TWO NON-REGIONAL DIRECTORS OF OUR DECISION AND REQUESTED THAT THEY INFORM ALL MEMBERS IN THEIR VOTING CONSTITUENCIES. ACTION EMBASSIES ARE REQUESTED TO CONVEY SAME MESSAGE TO HOST GOVERNMENTS IN LOW-KEY MANNER AND IN ACCORDANCE WITH PROMISE BY RECENT STATE-TREASURY CONSULTATIONS TEAM TO KEEP OTHERS INFORMED OF PROSPECTIVE U.S. ACTIONS IN THE IFI'S TAKEN FOR HUMAN RIGHTS REASONS. ACTION EMBASSIES SHOULD DRAW ON CONTENTS OF TELEGRAM TO EXPLAIN U.S. PERSPECTIVE OF THE HUMAN RIGHTS SITUATION IN PARAGUAY AND PREVIOUS U.S. ACTIONS REGARDING IFI LOANS TO PARAGUAY END SUMMARY.

2. IN THE NEXT SEVERAL WEEKS A \$35 MILLION LOAN FOR ELECTRICAL TRANSMISSION LINES IS LIKELY TO COME TO THE IDB BOARD. THE U.S. HAS TOLD THE GOP AND NON-REGIONAL

EXECUTIVE DIRECTORS THAT THE U.S. WILL VOTE AGAINST THIS LOAN, AS THE U.S. HAS VOTED AGAINST THE LAST TWO IFI LOANS TO THE GOP, BECAUSE OF OUR CONCERN ABOUT THE STATE OF HUMAN RIGHTS IN PARAGUAY AND MORE SPECIFICALLY BECAUSE OF CONTINUED UNWILLINGNESS BY THE GOP TO HONOR A COMMITMENT TO MAKE AN ON-SITE INVESTIGATION OF ALLEGATIONS OF HUMAN RIGHTS ABUSES.

3. PREVIOUS U.S. HUMAN RIGHTS DISCUSSION WITH GOP. EARLY IN THIS ADMINISTRATION IT BECAME OUR POLICY TO URGE
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THE GOP TO COOPERATE WITH THE INTER-AMERICAN HUMAN RIGHTS COMMISSION (IAHRC) IN ITS PREPARATION OF A SPECIAL REPORT ON PARAGUAY BY PERMITTING AN ON-SITE INSPECTION BY THE COMMISSION. DURING THE PANAMA CANAL TREATY SIGNING CEREMONY PRESIDENT STROESSNER TOLD PRESIDENT CARTER THAT HE WAS NOT OPPOSED TO PERMITTING A VISIT OF THE IAHRC AFTER THE FEBRUARY 1978 NATIONAL ELECTIONS. SUBSEQUENTLY, THE GOP OFFICIALLY ADVISED THE IAHRC AND THE USG BY WRITTEN COMMUNICATION THAT THE VISIT WOULD BE PERMITTED AT A MUTUALLY AGREEABLE DATE UNDERSTOOD TO BE AFTER THE FEBRUARY 1978 NATIONAL ELECTIONS. TO DATE, THE VISIT HAS NOT TAKEN PLACE. WHILE THE GOP COULD STILL SET A DATE FOR THIS VISIT BEFORE THE NEXT OAS GENERAL ASSEMBLY, THAT ACTION WOULD HAVE LITTLE EFFECT ON THE SPECIAL REPORT NOW COMPLETED AND ISSUED TO OAS MEMBER GOVERNMENTS. IT WOULD ALSO BE INCONVENIENT FOR AN IAHRC TEAM TO MAKE THE VISIT BEFORE THE NEXT OAS GENERAL ASSEMBLY. FURTHERMORE, PRESENT INDICATIONS ARE THAT THE GOP MAY NOT NOW BE PREPARED TO PERMIT THE INSPECTION VISIT, DUE IN PART TO REPORTED PRESSURE AGAINST THE VISIT BY NEIGHBORING SOUTHERN CONE COUNTRIES.

4. U.S. POSITION ON IFI LOANS TO PARAGUAY. WHILE WAITING FOR THE GOP TO ISSUE THE INVITATION TO THE IAHRC FOR ALMOST A YEAR, THE U.S. SUPPORTED A NUMBER OF BILATERAL AND FIVE MULTILATERAL PROJECTS FOR PARAGUAY. ALTHOUGH THE U.S. COULD HAVE VETOED TWO OF THESE, BECAUSE THEY WERE TO BE FINANCED FROM FUND FOR SPECIAL OPERATIONS SOFT FUNDS, ALL WERE APPROVED BECAUSE THEY MET BASIC HUMAN NEEDS (BHN). OUR POLICY HAS BEEN TO SUGGEST THE GOP DELAY BRINGING FORWARD LOANS IN THE IFI'S WHICH DO NOT MEET BHN UNTIL HUMAN RIGHTS IMPROVEMENTS WOULD PERMIT OUR SUPPORT. UNTIL RECENTLY THE GOP AGREED TO DEFER SUCH LOANS PENDING THEIR DECISION ON THE IAHRC INSPECTION VISIT.

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5. THE GOP REVERSED ITS TACTICS AND IN EARLY MARCH INSISTED ON BRINGING A \$33 MILLION HIGHWAY DEVELOPMENT PROJECT TO A VOTE IN THE IBRD. ON MARCH 7 THE LOAN

WAS APPROVED, ALTHOUGH THE U.S. CAST A NEGATIVE VOTE AND AND THE U.K. AND NORDIC COUNTRIES JOINED IN EXPRESSING OPPOSITION. ON MARCH 23 THE U.S. VOTED AGAINST A \$12.8 MILLION TRANS-CHACO ROAD PROJECT IN THE IDB AND THE U.K INDICATED IT DID NOT SUPPORT THE LOAN. ORIGINALLY PROPOSED AS A SOFT LOAN, THE GOP CHANGED IT TO ORDINARY CAPITAL FUNDS TO OVERCOME THE PROSPECT OF A U.S. VETO. THE IDB WILL NEXT CONSIDER THE \$35 MILLION LOAN FOR ELECTRICAL TRANSMISSION LINES REFERRED TO IN PARAGRAPH TWO, ALSO SWITCHED TO ORDINARY CAPITAL FROM ORIGINAL REQUEST FOR FSO FUNDING. AS NOTED ABOVE, WE HAVE INDICATED TO THE GOP THAT WE WILL ALSO BE VOTING AGAINST THIS LOAN FOR THE SAME REASONS. A VOTE IS EXPECTED POSSIBLY AS EARLY AS TWO WEEKS.

6. ACTION: ADDRESSEES SHOULD ADVISE ONE OF THE SENIOR GOVERNMENT HOST OFFICIALS WITH WHOM U.S. HUMAN RIGHTS TEAM MET THAT THE U.S. WILL BE OPPOSING THIS UPCOMING LOAN. TEAM PROMISED TO KEEP OFFICIALS APPRISED OF PROSPECTIVE U.S. ACTION ON HUMAN RIGHTS IN THE IFI'S AND THIS IS FIRST INSTANCE OF USING EMBASSY CHANNELS TO COMMUNICATE WITH HOST GOVERNMENT IN ADDITION TO BANK EXECUTIVE DIRECTORS. YOU SHOULD NOT EXPLICITLY SOLICIT VOTE IN OPPOSITION TO THIS LOAN, BUT RATHER SHOULD EXPLAIN THAT WE MERELY WISH TO INFORM OTHERS OF OUR VIEWS IN THE EVENT THEY MAY FIND THEM USEFUL. NEVERTHELESS, REACTION INDICATIVE OF HOW YOUR HOST GOVERNMENT WILL VOTE SHOULD BE REPORTED. ALSO REPORT ANY REACTION TO THE USE OF THIS CHANNEL OF COMMUNICATING

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OUR HUMAN RIGHTS POLICIES TO BE TAKEN IN THE IFI'S.

7. BACKGROUND: HUMAN RIGHTS SITUATION IN PARAGUAY.

-- THE DEPARTMENT'S MOST RECENT ASSESSMENT OF GOP HUMAN RIGHTS PRACTICES, SUBMITTED TO CONGRESS JANUARY 31, NOTED SERIOUS VIOLATIONS OF THE INTEGRITY OF THE PERSON AND OF CIVIL AND POLITICAL LIBERTIES. THE REPORT STATES THAT POLICE BRUTALITY AND ARBITRARY ARREST ARE WELL ENTRENCHED. A STATE OF SIEGE HAS BEEN IMPOSED CONTINUOUSLY SINCE 1947, WHICH ALLOWS FOR THE INDEFINITE DETENTION OF SUSPECTS WITHOUT DUE PROCESS. TOTAL OF POLITICAL PRISONERS IS BELIEVED TO BE UNDER 175. MORE WERE RELEASED THAN DETAINED IN 1977. HOWEVER, THE JUDICIAL PROCESS IS CONSIDERED ARBITRARY AND OFTEN POLITICALLY MOTIVATED.

-- INR'S REPORT NO. 932 OF MARCH 9 PROVIDES A CONCISE DESCRIPTION OF AUTHORITARIAN RULE AND HUMAN RIGHTS IN PARAGUAY.

-. TWENTY-TWO U.S. SENATORS RECENTLY CO-SIGNED A LETTER TO PRESIDENT STROESSNER, SPONSORED BY SENATOR CHURCH, ASKING HIM TO UNDERTAKE BASIC HUMAN RIGHTS IMPROVEMENTS NOW THAT HE HAS BEEN RE-ELECTED TO A NEW FIVE-YEAR TERM. FORTY-FOUR MEMBERS OF THE HOUSE CO-SIGNED A COMPANION LETTER SPONSORED BY CONGRESSMAN OTTINGER.

-- THE INTER-AMERICAN HUMAN RIGHTS COMMISSION (IAHRC) ISSUED TO OAS MEMBER STATES ON MARCH 7 A SPECIAL REPORT ON PARAGUAY WHICH CONCLUDED THAT HUMAN RIGHTS VIOLATIONS ARE A REGULAR OCCURRENCE. THIS IS PERHAPS THE MOST IMPORTANT REPORT ON PARAGUAY BECAUSE IT REPRESENTS A MULTILATERAL ASSESSMENT BY HEMISPHERIC PEERS. IT WILL BE A BENCHMARK AGAINST WHICH IMPROVEMENTS ARE JUDGED.

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-- THE U.N. HUMAN RIGHTS COMMISSION WORKING GROUP ISSUED ITS CONFIDENTIAL REPORT ON FEBRUARY 17 AT THE 34TH SESSION IN GENEVA. THE WORKING GROUP RECOMMENDED THAT THE U.N. SECRETARY-GENERAL ESTABLISH CONTACT ON A CONFIDENTIAL BASIS WITH THE GOP FOR THE PURPOSE IN PARTICULAR OF EXPLORING POSSIBILITIES FOR IMPROVING THE SITUATION OF INDIGENOUS INDIANS IN THAT COUNTRY.

-- THE INTERNATIONAL LEAGUE FOR HUMAN RIGHTS SENT COMMISSIONS OF INQUIRY TO PARAGUAY IN 1976 AND 1977. REPORTS ISSUED AFTER EACH MISSION DETAILED GRAVE VIOLATIONS.

-- AMNESTY INTERNATIONAL LAUNCHED A MAJOR CAMPAIGN ON BEHALF OF HUMAN RIGHTS IN PARAGUAY IN 1977, JOINED BY NUMEROUS OTHER NON-GOVERNMENT GROUPS. VANCE

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